IBH 3AC3
Corporate Finance
Fall 2026 Course Outline

Finance and Business Economics
DeGroote School of Business
McMaster University

INSTRUCTOR AND TA CONTACT INFORMATION

Wednesday 2:30 pm – 4:20 pm and Thursday 2:30 pm – 3:20 pm

Waquar Ahmad
Instructor
ahmadw9@mcmaster.ca
Office: DSB 311
Office Hours: TBA

Student TA: TBA

Course website: http://avenue.mcmaster.ca/

COURSE ELEMENTS

Credit Value:	3	Leadership:	Yes	IT skills:	No	Global view:	Yes
A2L:	Yes	Ethics:	Yes	Numeracy:	Yes	Written skills:	No
Participation:	No	Innovation:	Yes	Group work:	No	Oral skills:	Yes
Evidence-based:	Yes	Experiential:	No	Final Exam:	Yes	Guest speaker(s):	No

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COURSE INFORMATION

Lectures: 2hr/wk
Tutorials: 1hr/wk
Course Delivery Mode: In-person
Course Description: The course focuses on the various problems and decisions confronting the CFO of a corporation. The CFO's decision making involves both short-term and long-term horizon, as well as both investing and financing choices. Major topics include raising long-term capital, cost of capital and capital structure, dividend policy, mergers and acquisitions, and risk management techniques.

This course is taught primarily through lectures, readings, and in-class discussions.

IMPORTANT LINKS

- Mosaic
- Avenue to Learn
- Student Accessibility Services - Accommodations
- McMaster University Library

COURSE LEARNING OUTCOMES

This course is intended to provide students with a basic literacy in the problems and methods of modern business finance. During the lectures, the course will also discuss real world applications of the financial concepts that we cover. The course will, at every opportunity, discuss the ethical practices to be followed by a financial manager in the decision-making process.

Upon completion of this course, students should be able to:

- Calculate the cost of capital (WACC) of a corporate firm and evaluate firm value by using discounted cash flow (DCF) and Capital Asset Pricing Model (CAPM)
- Identify and evaluate various sources of financing for a business venture at various stages of its life cycle by considering flotation cost of VC financing, IPO, SEO, and rights offering
- Construct optimal capital structure for a firm by using capital structure theories
- Evaluate the complex dividend decisions that a CFO at a corporate firm faces by considering clientele effect, signaling and information content of a dividend announcement
- Examine the factors a corporate CFO considers in a merger decision (M&A) by using synergy and NPV of an M&A for the bidder and the target firm
- Apply financial derivative tools to manage financial risk of a corporate firm by creating hedging techniques appropriate for the risk profile the firm faces

Student knowledge, understanding and application of each of these ILOs will be assessed by weekly assessments (on Connect) and tests (midterm tests and final exam).

COURSE LEARNING GOALS

The goal of this course is to give students a passion for finance and develop an understanding of the key concepts used in the business world. This course continues the introduction to modern business finance begun in IBH 2BB3. The course balances theory, evidence and applications to prepare students for elective courses in finance and taxation and to provide some of the knowledge required to work effectively in the contemporary business environment.

COURSE MATERIALS AND TEXTS

Required textbook: Fundamentals of Corporate Finance with access to Connect*, *Twelfth (12th) Canadian Edition*; Ross, Westerfield, Jordan, Pandes, Holloway; McGraw-Hill Ryerson, 2025.

Students will need access to the textbook and ancillary resources used in IBH 2BB3. Access to Connect is also required, as it will be used for graded weekly assessments.

If you previously opted out of the textbook package in IBH 2BB3, you can purchase access through the campus bookstore for $106.95.

CLASS FORMAT

This course will be delivered **in person**.
Lecture and tutorial sessions: In addition to the weekly one-hour and fifty-minute lectures by the instructor, there will be a fifty-minute in-person tutorial each week.

Weekly lecture sessions (1 hour 50 minutes) will focus primarily on theories and conceptual frameworks. Tutorial sessions (50 minutes) will focus primarily on numerical problem-solving and applied exercises and will be considered as regular class sessions. Students are responsible for all content covered in both lectures and tutorials, and material from both components is testable and will appear in quizzes, midterm tests, and the final exam.

The TA will hold weekly virtual office hours. These sessions are optional and are intended to address student questions on current course material, review selected questions from prior years' tests aligned with the week's topics, and clarify issues related to recent Top Hat and Connect assessments. Virtual office hours will be conducted live on Zoom – the session times and meeting links will be posted on Avenue to Learn.

COURSE EVALUATION

There will be weekly **in-class quizzes** (Top Hat), weekly **assignments** (Connect), **midterm tests** (see table below), and a **final exam** (date TBA) for the course.

Top Hat will be used during lecture and tutorial sessions to track student attendance, as well as to assess students' concurrent understanding and learning. **Connect assignments** will be open for five days and will assess students' understanding and learning of the material covered during the preceding week. Due dates for Connect assessments will NOT be extended.

The midterm tests and final exam will be **closed-book, in-person assessments**. Students will be permitted to use custom-made cheat sheets during the midterm tests and final exam.

The final exam is cumulative, meaning that it will cover all material taught during the term.

Course assessment: There are four different types of assessments for this course. The final student grade will be calculated as follows based on these:

EVALUATIONS	WEIGHT	DUE	WHERE
Weekly assignment	15% (best 6 out of 7)	Open: Thursday at 4 pm Due by: Tuesday 11:59 pm	Connect
In-class quiz	15% (8% - attendance 7% - correctness)	During class and tutorial sessions	Top Hat
Midterm test (x2)	40%	Mid 1: 26 October Mid 2: 23 November	TBA
Final exam	30%	Exam week (Cumulative)	TBA

COURSE DELIVERABLES

Weekly assignments – Connect

Each week, students will be assigned a set of questions on Connect to complete individually. Assignments will open on **Thursday at 4:00 p.m.** and will be due the following **Tuesday at 11:59 p.m.** (Hamilton, Ontario time)**.**

Each assignment is worth **2.5% of the final grade**. The **best six out of seven** assignment grades will be used to determine the student's grade for these assessments, for a total of **15%** of the final grade**.**

Students may take as much time as they need to complete each assignment before the deadline. However, **only one submission attempt is permitted**.

Late submissions will not be accepted, and **no extensions will be granted** for weekly assignments. A missed assignment will receive a **grade of zero**, unless the student has submitted a **self-reported MSAF** or an **MSAF-AR** and the accommodation has been approved.

In-class quiz – Top Hat

Top Hat will be used to track **attendance** and **students' ongoing learning and progress** during lecture and tutorial sessions. This component contributes **15%** of the final grade in the course.

a. Of the 15%, **8% is allocated to attendance** in both lecture and tutorial sessions. Every student starts the term with the full 8% attendance grade and can only lose marks due to

absences from scheduled class meetings. Each **absence results in a 0.5% deduction** from the attendance component. Examples:
- A student who misses one tutorial session during the term will receive:
8% − 0.5% = 7.5% toward their final course grade for attendance.
- A student who misses one lecture session and two tutorial sessions during the term will receive:
8% − 0.5%*3 = 6.5% toward their final course grade for attendance.

The minimum grade from attendance is zero.

b. The remaining **7%** will be earned based on students' responses to questions presented during lecture and tutorial sessions through Top Hat. Questions covering each chapter will contribute equally, with each chapter (lecture and tutorial sessions) accounting for **1%** of the student's grade for this component.

The minimum grade from Top Hat quizzes is zero.

A missed quiz will receive a **grade of zero**, unless the student has submitted a **self-reported MSAF** or an **MSAF-AR** and the accommodation has been approved.

The Top Hat quizzes and attendance start from week 2.

Midterm tests – in-person

There will be two midterm tests, each worth 20% of the final grade.
- Format: Closed book and closed notes. Each test will run for one-hundred minutes.
- Coverage: Material from lectures, tutorial sessions, suggested end-of-chapter problems, weekly Top Hat and Connect assessments. Detailed coverage for each test is outlined in the course schedule.
- Cheat Sheet: Students may bring their own one single-sided page (A4) of notes for personal use.
  Schedule:
  - Midterm 1: 26 October
  - Midterm 2: 23 November

Academic Conflicts

If you have an academic conflict with the scheduled test date(s), you must apply through your faculty office (for business students: buscom@mcmaster.ca) at least 10 business days prior to the test. **The instructor does not approve, refer, or schedule alternate test dates; these are arranged and approved by the DSB Faculty Office.**

Last day to apply for alternate test date: 12th October (Midterm 1), 9th November (Midterm 2)

Missed Tests

- A missed test will receive a grade of zero unless an approved Notification of Absence (MSAF) is obtained for the test.

- In cases of approved relief, the missed assessment weight will be added to the final exam weight.
- Missed tests are not eligible for any grading "curve," if applied.

Final Exam – in-person

The final exam will be cumulative.

- Format: In-person, 150 minutes in duration.
- Coverage: All course material, including lecture content, tutorial sessions, suggested end-of-chapter problems, and weekly Top Hat and Connect assignments.
- Cheat Sheet: Students may bring one **double-sided** page (A4) of notes for personal use.
- Scheduling: The final exam will be scheduled by the Registrar's Office during the official exam period.

Missed Final Exam

Students who miss the final exam are subject to the policies and procedures outlined in the Undergraduate Academic Calendar for missed final examinations.

NOTE: Students can use any calculator (regular and financial) during all assessments in this course.

COMMUNICATION AND FEEDBACK

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Please add 'IBH 3AC3' in the subject line of email correspondence with the instructor and the TA.

Students will receive evaluation feedback for at least 20% of the final grade prior to week 9 of the term.

Students who have concerns about the course content, evaluation methods, or delivery should first reach out to the course instructor. If your concern remains unresolved after speaking with the instructor, you may then reach out to the relevant Area Chair for further consideration.

REQUESTING RELIEF FOR MISSED ACADEMIC WORK

In the event of an absence for medical or other reasons, students should review and follow the Academic Regulation in the Undergraduate Calendar "Requests for Relief for Missed Academic Term Work" and the link below:

http://ug.degroote.mcmaster.ca/forms-and-resources/missed-course-work-policy/

* Non-Commerce students must follow the Missed Course Work protocols outlined by their home faculty and Program Office.

COURSE MODIFICATION

From time to time there may be a need to remove/add topics or to change the schedule or the delivery format. If these are necessary, you will be given as much advance notice as possible.

GENERATIVE AI

UNRESTRICTED USE
Students may use generative AI throughout this course in whatever way enhances their learning; no special documentation or citation is required.

ACADEMIC INTEGRITY

You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity. **It is your responsibility to understand what constitutes academic dishonesty.**

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: "Grade of F assigned for academic dishonesty"), and/or suspension or expulsion from the university. For information on the various types of academic dishonesty please refer to the Academic Integrity Policy.

The following illustrates only three forms of academic dishonesty:

- plagiarism, e.g. the submission of work that is not one's own or for which other credit has been obtained.
- improper collaboration in group work.
- copying or using unauthorized aids in tests and examinations.

COURSES WITH AN ON-LINE ELEMENT

This course will use on-line elements (e.g. email, Avenue to Learn (A2L), web pages, Connect, etc.). Students should be aware that, when they access the electronic components of a course using these elements, private information such as first and last names, user names for the McMaster e-

mail accounts, and program affiliation may become apparent to all other students in the same course. The available information is dependent on the technology used. Continuation in a course that uses on-line elements will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure please discuss this with the course instructor.

CONDUCT EXPECTATIONS

As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all of our living, learning and working communities. These expectations are described in the Code of Student Rights & Responsibilities (the "Code"). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online.**

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or interfere with reasonable participation in University activities. Student disruptions or behaviours that interfere with university functions on online platforms (e.g. use of Avenue 2 Learn, WebEx or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students' access to these platforms.

ACADEMIC ACCOMMODATION OF STUDENTS WITH DISABILITIES

Students with disabilities who require academic accommodation must contact Student Accessibility Services (SAS) at 905-525-9140 ext. 28652 or sas@mcmaster.ca to make arrangements with a Program Coordinator. For further information, consult McMaster University's Academic Accommodation of Students with Disabilities policy.

ACADEMIC ACCOMMODATION FOR RELIGIOUS, INDIGENOUS OR SPIRITUAL OBSERVANCES (RISO)

Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the RISO policy. Students should submit their request to their Faculty Office ***normally within 10 working days*** of the beginning of term in which they anticipate a need for accommodation or to the Registrar's Office prior to their examinations. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

COPYRIGHT AND RECORDING

Students are advised that lectures, demonstrations, performances, and any other course material provided by an instructor include copyright protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by University instructors.

The recording of lectures, tutorials, or other methods of instruction may occur during a course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Please speak with the instructor if this is a concern for you.

EXTREME CIRCUMSTANCES

The University reserves the right to change the dates and deadlines for any or all courses in extreme circumstances (e.g., severe weather, labour disruptions, etc.). Changes will be communicated through regular McMaster communication channels, such as McMaster Daily News, A2L and/or McMaster email.

ACKNOWLEDGEMENT OF COURSE POLICIES

Your enrolment in IBH 3AC3 will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.**

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

COURSE SCHEDULE

IBH 3AC3
Corporate Finance
Fall 2026 Course Schedule

Week	Date	Materials Covered	
1	09-Sept	Introduction, 2BB3 revisit	
2	16-Sep	Cost of Capital (Chapter 14)	
3	23-Sep	Raising Capital (Chapter 15)	
4	30-Sep	No class – Truth and Reconciliation Day	
5	07-Oct	Capital Structure Policy (Chapter 16)	
6	14-Oct	No Classes – Reading week	
7	21-Oct	Capital Structure Policy (Chapter 16)	
26-Oct		**Midterm 1**	**Ch 14, 15, 16**
8	28-Oct	Dividends and Dividend Policy (Chapter 17)	
9	04-Nov	Enterprise Risk Management (Chapter 24)	
10	11-Nov	Options and Corporate Securities (Chapter 25)	
11	18-Nov	Options and Corporate Securities (Chapter 25)	
23-Nov		**Midterm 2**	**Ch 17, 24, 25**
12	25-Nov	Mergers and Acquisitions (Chapter 23)	
13	02-Dec	Mergers and Acquisitions (Chapter 23)	
14	09-Dec	Wrap-up	
Exam Week		**Final Exam (Cumulative): Ch 14-17, 23-25**	

** This is a tentative schedule. The schedule may be adjusted (as any unforeseen situation evolves) to the discretion of the instructor.*